The Board of Directors met at 3:00 PM on Wednesday, July 2, 2014 in the Gold Room of the Allegheny County Courthouse in Pittsburgh. Present were Board members: Chair, Ms. Dusty Kirk, Mr. Daniel Griffin, Ms. Jackie Dixon, Ms. Sylvia Fields, Mr. Paul Gitnik, Mr. Don Linzer, and Dr. Daniel Rosen. Chief Counsel Mr. James Norris, Bond Counsel Dean Richardson, Executive Director and Assistant Secretary Mr. David Donahoe who kept the Minutes, staff and members of the public were also present. Notice of the meeting was published in accordance with the Act and By-laws and the agenda was posted on the District website the week prior to the meeting.

The Chair announced that the meeting was called to consider a request from the Sports and Exhibition Authority. She asked Mr. Donahoe to summarize the request the materials before the Board. Mr. Donahoe provided the following report:

Board Members:

Before you today is a request from the Sports and Exhibition Authority of Pittsburgh and Allegheny County, or SEA, for the District to guarantee a bond issue to partially finance an improvement/expansion project at Heinz Field. The stadium was designated a regional asset in 1998 as part of the Regional Destination Financing Plan and the District has made annual allocations since then for debt service related to its construction.

Before I describe the material in your folder, permit me to provide some background on the project.

For several months representatives of the SEA and the Pittsburgh Steelers have been discussing capital improvements to Heinz Field that would add seating capacity enhancing revenue and fan experience.

A key component of the negotiations was that no additional tax revenue would be available to fund the project. The public sector could be asked to lend its support through the issuance of guaranteed bonds provided a reliable, non-tax source for their repayment was included in the agreement. The bonds, even though taxable, would be expected to carry a lower borrowing cost than traditional financing.

The negotiations among the parties concluded in late May with a tentative agreement, subject to the approval of the public bodies involved. Since the SEA is does not have the ability to guarantee bonds, RAD was to be approached about providing such a guarantee given its mission to support stadium development among other regional assets. Over the course of several months counsel and I discussed the conditions under which the RAD Board might consider participating in the project. Both the SEA and the Steelers agreed to the conditions we set forth. The SEA Board has approved the project, issuing the bonds and the submission of the request to RAD.

The improvements to be constructed include 3,000 general admission and club level seats at the south (river) end of the stadium along with appropriate support facilities, and construction of a second video scoreboard at the north end of the stadium. The total estimated cost of these improvements is estimated at $37.4 million. $18 million is intended to be paid from the net proceeds of the bond issue
with the balance paid from seat licensing fees and contributions from the team. In addition, all of the costs, including RAD’s will also be paid from the proceeds.

The debt service on the bonds will be paid from Steelers ticket revenue proceeds which are deposited into a lockbox managed by a trustee to assure timely payments of all debt service obligations. Only when those obligations are satisfied is the balance of the revenue released to the team.

A one year debt service reserve is being funded from the issue. The bonds will mature at the same time as the original stadium bond issue in 2030. The lease with the Steelers will continue to provide that they may not relocate or discuss relocation from Pittsburgh while the debt is outstanding.

At RAD’s request, the SEA engaged an independent financial advisor to, among other tasks, evaluate the structure of the issue as well as the risk to the District.

The maximum annual risk to the RAD fund is $2,955,000 or about 3% of our current budget. In other words, if the lockbox revenue is insufficient, RAD will have to make up whatever that shortage is, up to the full debt service amount. If the RAD guarantee is called on, the Steelers would be obligated to make up that amount in the future. The risk of this call occurring, however, has been evaluated as minimal given the strength of the ticket sales enjoyed by the Steelers as well as the lockbox structure.

Further, a debt service reserve will be provided from the bond issue proceeds so that the District would have more than one year of “warning” before it would need to allocate funds. My opinion is that the District is protected to the extent possible in any bond guarantee deal.

The documents in your folder this afternoon, all of which have been sent to you previously, are submitted for the record as follows:

- The first document on while paper is the letter submitted by the SEA providing the background and request which I just summarized;
- The second document, on gray paper, is a letter from The PFM Group who is serving as the financial advisor and evaluated the risk for the SEA and RAD;
- The third document on salmon colored paper is the actual resolution the Board would need to vote if you wish to approve this request. It has been prepared by RAD’s counsel to follow the requirements of the Commonwealth in such matters. Dean Richardson who is a partner and colleague of Jim Norris and specializes in public debt matters is here to answer any questions you might have;
- The final document, on beige paper, is a resolution also prepared by Mr. Richardson, to clarify ambiguous language in prior actions related to stadium bond issues. In short, a section of an old resolution attempted to summarize the total amount of multiyear or parity obligations of the District. It did so in a way that overstated the total obligation. All of the parties to the prior issue agreed that a correcting resolution would be presented to the Board if and when another stadium related matter was voted. Other than for clarity, this resolution has no impact on anything.

The SEA, a past recipient of RAD grants, remains in compliance with RAD requirements including the issuance of an annual independent audit, adoption of a diversity plan and appointment of an accessibility coordinator at its various facilities. There is also information about accessibility published on the SEA web sites with links to the sites for its various facilities.

Thank you, Madam Chair. Following the public comment period Mr. Norris and Mr. Richardson from our legal staff can respond to any questions and representatives of the SEA and its financing team are here to provide whatever additional information is required.
Public Hearing

The Chair announced that no one had registered to speak at the public hearing and that no written communication was received.

Consideration of Debt Resolution

The Chair said that the first item for consideration was a resolution guaranteeing the debt as described in Mr. Donahoe’s summary. She then opened the floor for questions.

The Chair asked the representative from PFM to explain the lockbox process and how it would respond to the two bond issues to be secured, the first form 2000 and the one under review now. Barbara Bisgaier said that all Steelers ticket revenue flow into a lockbox and the first $1.4 million was then directed to pay for the 2000 loan. Under the current proposal, all of the remaining funds would then flow into a second lockbox and the debt service on the proposed issue would be paid. Only then would the remaining funds flow to the Steelers.

Mr. Griffin asked if there had ever been an issue with the first lockbox arrangement and Ms. Bisgaier said there had not.

Ms. Dixon asked if there were any plans to provide seats for underserved. Mary Conturo, Executive Director of the SEA said that she did not have that information but would see that the Steelers responded to the request.

Mr. Gitnik asked if any of the new seats would be accessible. Ms. Conturo said that there were accessible areas already in the stadium and it would be a part of the planning to determine if the new seating areas would have such provisions.

There being no further discussion, the Chair called for a motion to adopt the resolution which was made by Mr. Linzer and seconded by Ms. Fields. The following resolution was then adopted unanimously.

ALLEGHENY REGIONAL ASSET DISTRICT

RESOLUTION AUTHORIZING A GUARANTY OF DEBT OF THE SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH AND ALLEGHENY COUNTY AND AUTHORIZING ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of the Allegheny Regional Asset District (the “Board”) by its resolution adopted July 9, 1998 designated Heinz Field as a regional asset pursuant to Section 6101-B et seq. of Title 16 of the Pennsylvania Second Class County Code (the “Act”); and

WHEREAS, the Sports & Exhibition Authority of Pittsburgh and Allegheny County (the “Authority”), by its resolution dated May 20, 2014, has determined to issue its Guaranteed Revenue Bonds, Taxable Series of 2014, or such other name as may be designated (the “2014 Bonds”), in a principal amount not to exceed $25,000,000 to (i) pay a portion of the costs of certain capital improvements at Heinz Field consisting of approximately 3000 general admission and club level seats, together with appropriate support
facilities and a second video scoreboard (collectively, the “2014 Capital Improvements”), (ii) fund capitalized interest on the 2014 Bonds, (iii) fund a debt service reserve fund and (iv) pay certain costs of issuance including approved financing, legal and advisory fees of the Allegheny Regional Asset District (the “District”), the Authority, and the Team (as defined herein) (collectively, the “2014 Project”) pursuant to a Trust Indenture (the “Trust Indenture”) between the Authority and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, the Authority, as owner and landlord, leases Heinz Field to PSSI Stadium LLC (“PSSI”) pursuant to a Lease Agreement, dated as of June 20, 2000, as amended (the “Lease”); and

WHEREAS, the Authority will enter into an Amendment to Lease with PSSI pursuant to which PSSI will agree to make annual lease rental payments at least sufficient to pay annual principal and interest due on the 2014 Bonds and certain expenses related to the 2014 Bonds (the “PSSI Rental Payments”); and

WHEREAS, Pittsburgh Steelers LLC (the “Team”), which is the parent of PSSI, will enter into a reimbursement or similar agreement (the “Team Agreement”) whereby the Team will agree to make up any shortfall between the debt service on the 2014 Bonds and certain expenses related to the 2014 Bonds and the amounts held by the Trustee under the Trust Indenture to pay such debt service and certain expenses related to the 2014 Bonds; and

WHEREAS, the Team will enter into a security, pledge and assignment agreement (the “Security Agreement”) with the Authority and the Trustee, as assignee of the Authority, to secure the Team’s obligations under the Team Agreement; pursuant to the Security Agreement, the Team will pledge and grant a security interest in its rights to all transfers (the “2000 Lockbox Transfers”) required to be made by the Team out of a lockbox account (the “2000 Lockbox”) which was established in connection with the issuance of the Authority’s Taxable Ticket Surcharge Revenue Bonds, Series of 2000; and

WHEREAS, the Team will direct the collateral agent of the 2000 Lockbox to pay the 2000 Lockbox Transfers directly to a collateral agent for deposit in a lockbox account (the “2014 Lockbox”) under a lockbox agreement (the “2014 Lockbox Agreement”) among the Team, the Authority, the Trustee and such collateral agent; unless otherwise paid, an amount equal to the PSSI Rental Payment will be transferred out of the 2014 Lockbox to the Trustee for payment of debt service on and transaction fees and costs of the 2014 Bonds prior to making transfers to the Team; and

WHEREAS, the Team, and PSSI will enter into unilateral agreements, one for the benefit of the Authority and one for the benefit of the District, to provide various covenants with respect to non-relocation and similar matters; and

WHEREAS, the Authority, the Team and the National Football League (the “NFL”) may enter into an agreement (the “NFL Agreement”), whereby the NFL will be granted certain rights to cure defaults by the Team under those documents to which it is a party and certain “standstill” periods will be granted to the NFL during which the Authority will refrain from exercising remedies under such documents for a period of time; and

WHEREAS, in order to enhance the marketability of the 2014 Bonds, the Authority has requested that the District guaranty payment of the 2014 Bonds by authorizing grants to the Authority in amounts which are sufficient to pay the principal and interest on, and certain expenses of, the 2014 Bonds after any funds on deposit with the Trustee have been exhausted; and
WHEREAS, the District, the City of Pittsburgh, the County of Allegheny and the Authority propose to enter into a Cooperation and Support Agreement (the “2014 Cooperation Agreement”) in order to, among other things, evidence the District’s obligation to make such grants.

NOW THEREFORE, in consideration of the foregoing, the Board of the Allegheny Regional Asset District hereby adopts the following resolutions, effective immediately:

1. Approval of Funding. The Authority’s request for a commitment of District revenues in the maximum amounts set forth on Exhibit A hereto is hereby approved, subject to the satisfaction of the conditions enumerated in this Resolution. The District hereby covenants to treat the financial support authorized by this Resolution on a parity basis with the District’s minimum funding obligations to those regional assets, including but not limited to Heinz Field, with long term funding contracts with the District.

2. Allocation of Funds Granted. The Board hereby directs that the funding approved in Section 1 of this Resolution be included in the District’s operating budgets for each of the years and in the respective amounts indicated in Section 1; provided, that in the event that the District receives notice from the Trustee that PSSI has made the annual PSSI Rental Payment in a timely manner in accordance with the provisions of the Lease, the District will not be required to include in its budget the amount specified in Section 1. Any partial PSSI Rental Payment will only require the District to provide the difference between the amount of the partial PSSI Rental Payment and the annual amount in grant funds set forth in Section 1.

3. District Documents. Chief Counsel is authorized to prepare a Cooperation and Support Agreement and to prepare or review any certificates, instruments and documents required to be delivered by the District in connection with the issuance of the 2014 Bonds (collectively, the “District Documents”), including, but not limited to, a continuing disclosure agreement and a disclosure certificate pertaining to any offering document for the 2014 Bonds. The Chair, Vice Chair or Executive Director of the District is hereby authorized to execute and deliver (and the Secretary or the Assistant Secretary is hereby authorized and directed to attest, if necessary) the District Documents. Each such District Document shall be in form and substance approved by the District’s Chief Counsel and the officer executing the same, such approval to be conclusively evidenced by such officer’s execution thereof.

4. Conditions to Execution of Cooperation and Support Agreement. The Cooperation and Support Agreement shall not be executed and delivered to the Authority unless and until all documents shall have been duly authorized, executed and delivered by the Authority, PSSI, Team and all other parties to the transaction, in form and substance satisfactory to the Chief Counsel and the Executive Director, which provisions shall include but not be limited to, the obligation of PSSI and the Team to reimburse the District for any payments made by the District pursuant to the Cooperation Agreement.

5. Debt Act Authorizations.

(a) The Board has been advised by representatives of the Authority qualified by experience that the reasonable estimated useful life of the 2014 Capital Improvements is at least 17 years. The 2014 Project is hereby determined to be a “project” of the District within the meaning of the
Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. §8001 et seq. (the “Debt Act”). Reasonable cost estimates for the 2014 Project have been obtained from persons qualified by experience.

(b) The indebtedness of the District is hereby increased by an amount not to exceed $25,000,000 in the aggregate principal amount. Such indebtedness shall be lease rental debt of the District as defined in the Debt Act and is authorized to be incurred for the purpose of paying costs related to the financing of the construction of the 2014 Capital Improvements.

(c) The Board hereby directs that the necessary documentation be filed with the Pennsylvania Department of Community and Economic Development (the “Department”) so that the debt incurred hereunder may be approved as lease rental debt of the District. It is therefore hereby declared that the lease rental debt of the District to be incurred hereunder shall be an amount equal to the total principal amount of 2014 Bonds to be issued, which amount shall not be in excess of $25,000,000 principal amount, nor in excess of the limitations as set forth in the Debt Act. The Chair, the Vice Chair or Executive Director and the Secretary or the Assistant Secretary of the District are each hereby authorized and directed to prepare, verify and file the Debt Statement required by Section 8110 of the Debt Act, together with the Borrowing Base Certificate and an application for approval of said indebtedness with the Department, including, if necessary or desirable, any statements required to qualify any portion of the District debt as self-liquidating or subsidized debt excluded from the appropriate debt limit, and to do and perform all other acts and sign all other documents necessary and proper for the obtaining of the approval of the Department.

(d) The maximum amount to be paid in each year pursuant to this Resolution with respect to the Cooperation Agreement is shown on Exhibit “A”. The Cooperation Agreement is a ‘subsidy agreement’ as defined in the Debt Act. The District covenants to include the amounts payable under the Cooperation Agreement in its budget for each year in which such amounts are payable; to appropriate such amounts from District revenues for such payments; and to duly and punctually pay such amounts or cause them to be paid on the dates and at the places and in the manner stated in the Cooperation Agreement according to the true intent and meaning thereof.

(e) Pursuant to and subject to the provisions of the Debt Act and upon receipt by the District of the approval of the Department, the District shall enter into the Cooperation Agreement containing terms and conditions consistent with this Resolution.

(f) The Chair, Vice Chair or Executive Director of the District is hereby authorized and directed to execute the Cooperation Agreement for and on behalf of the District containing terms and conditions consistent with this Resolution, in such form as may be satisfactory to the officers signing such Cooperation Agreement, subject to approval as to legality by the Chief Counsel to the District, and the Secretary or Assistant Secretary of the District shall attest the same and affix thereto the seal of the District.

(g) The proper officers of the District are hereby authorized and directed to perform all acts necessary and proper for the delivery of the Cooperation Agreement, the payment of the amounts due under the Cooperation Agreement, and the performance of all acts required thereby.

6. **Costs and Expenses.** All out-of-pocket costs and expenses (including counsel fees) incurred by the District in connection with the Project, including the issuance of the 2014 Bonds, shall be
paid or reimbursed from the proceeds of the 2014 Bonds or from funds otherwise provided by the Authority.

AND IT IS FURTHER RESOLVED THAT

(a) this Resolution shall be effective immediately, and

(b) all prior inconsistent resolutions or parts thereof adopted by the Board are hereby repealed and of no effect.

EXHIBIT “A”

ALLEGHENY REGIONAL ASSET DISTRICT
LEASE RENTAL DEBT
RE: Sports & Exhibition Authority of Pittsburgh
And Allegheny County
Guaranteed Revenue Bonds, Taxable Series of 2014

SCHEDULE OF MAXIMUM LEASE RENTAL DEBT PAYMENTS

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\(^1\) Paid from capitalized interest
Consideration of Correction Resolution

The Chair said that the second resolution correcting prior ambiguous language was now before the Board. There were no questions on the proposed resolution.

A motion was made by Dr. Rosen and seconded by Ms. Fields to adopt the following resolution and it was approved unanimously.

ALLEGHENY REGIONAL ASSET DISTRICT

RESOLUTION AUTHORIZING A THIRD AMENDMENT TO COOPERATION AGREEMENT DATED AS OF MAY 6, 1999

WHEREAS, the Allegheny Regional Asset District (the “District”) has heretofore entered into a Cooperation and Support Agreement dated as May 6, 1999 (the “Original Agreement”), among the District, the Sports & Exhibition Authority of Pittsburgh and Allegheny County (formerly known as the Public Auditorium Authority of Pittsburgh and Allegheny County) (the “SEA”), the Stadium Authority of the City of Pittsburgh (the “Stadium Authority”), the City of Pittsburgh (the “City”) and the County of Allegheny (the “County”), as amended by a First Amendment to Cooperation and Support Agreement (Stadium Authority Grant) dated as of January 13, 2005, among the same parties, and a Second Amendment to Cooperation and Support Agreement dated as of August 1, 2010 among the District, the SEA, the City and the County, relating to financing of the David L. Lawrence Convention Center, PNC Park, and Heinz Field; and

WHEREAS, the District, the Authority, the City and the County desire to further amend the Cooperation Agreement to correct certain ambiguities in the Original Cooperation Agreement.

NOW THEREFORE, in consideration of the foregoing, the Board of the Allegheny Regional Asset District (the “Board”) hereby adopts the following resolutions, effective immediately:

1. Approval of Third Amendment. The Board hereby approves the Third Amendment to Cooperation and Security Agreement (the “Third Amendment”) substantially in the form presented to this meeting. The Chair, Vice Chair or Executive Director of the District is hereby authorized to execute and deliver (and the Secretary or the Assistant Secretary is hereby authorized and directed to attest, if necessary) the Third Amendment with such changes, if any, as shall have been approved by the District’s Chief Counsel and the officer executing the same, such approval to be conclusively evidenced by such officer’s execution thereof.

AND IT IS FURTHER RESOLVED THAT

(a) this Resolution shall be effective immediately, and

(b) all prior inconsistent resolutions or parts thereof adopted by the Board are hereby repealed and of no effect.

Adjournment

There being no further business to come before the Board the meeting was adjourned at 3:15 PM.